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From: Natale, Fray
Edited: 12/4/97 14:03
Subject: Salem Cts performance

B: 11 As info

Ladies and Gentlemen,

Wanted to share some information relative to Salem share performance in Cigarette Outlet locations (excluding Indians) versus Newport and Kool for 97.

Our business in the Albany, Syracuse and Nashua Divisions were each looked at individually. A pattern does appear to show across Divisions. It appears that Salem took an initial share hit when the new pricing strategies went into effect and then stabilized to some extent. Kool and Newport overall had better growth than Salem although not hugely dramatic. This can probably be best attributed to the higher discount values they were running versus us. This probably led the price sensitive people to their camp. The ability to go to \$4.00 to match competition can only help us. Make sure we are gaining display exposure for the brand wherever possible. Need to get it period, if we go above the \$1.50.

RJR accrual match funds/rollover funds should be utilized to flight Salem in Albany Division where menthol development is high and competitive activity is high. Salem is not on grid in Albany CO'S.

Fray

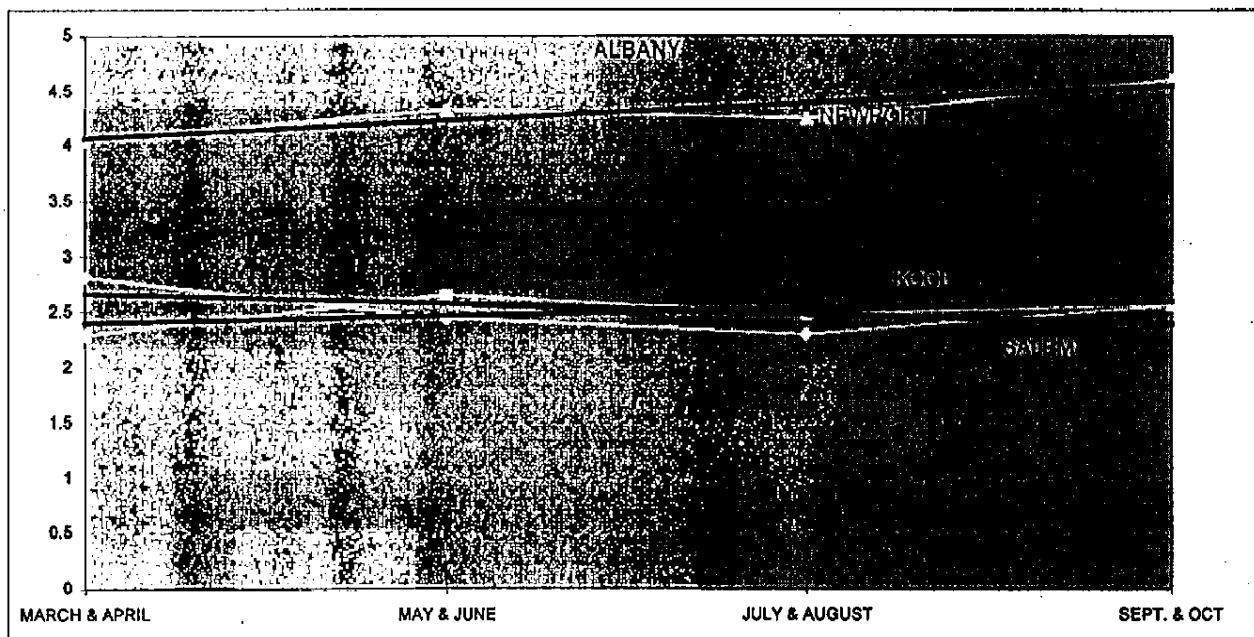
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**SALEM PERFORMANCE CIGARETTE STORES/BORDER INTERSTATE STORES
CS,BI, MEASURED**

SHARE OF MARKET

ALBANY

	MARCH & APRIL	MAY & JUNE	JULY & AUGUST	SEPT. & OCT
SALEM	2.81	2.44	2.3	2.56
KOOL	2.29	2.65	2.48	2.57
NEWP	4.04	4.33	4.25	4.62



Salem took an initial share hit during the May/June period when new pricing strategies were executed. Since that time the brand has remained relatively stable. Strategy of using a portion of match accrual dollars to promote Salem on a flighted basis should continue, particularly in calls with high menthol development and competitive menthol activity. The brand is not on grid in Albany for cigarette outlet locations.

Kool has experienced a year of moderate growth but has remained reasonably stable from May forward.

Newport trend is positive with the brand posting stable share performance throughout the year.

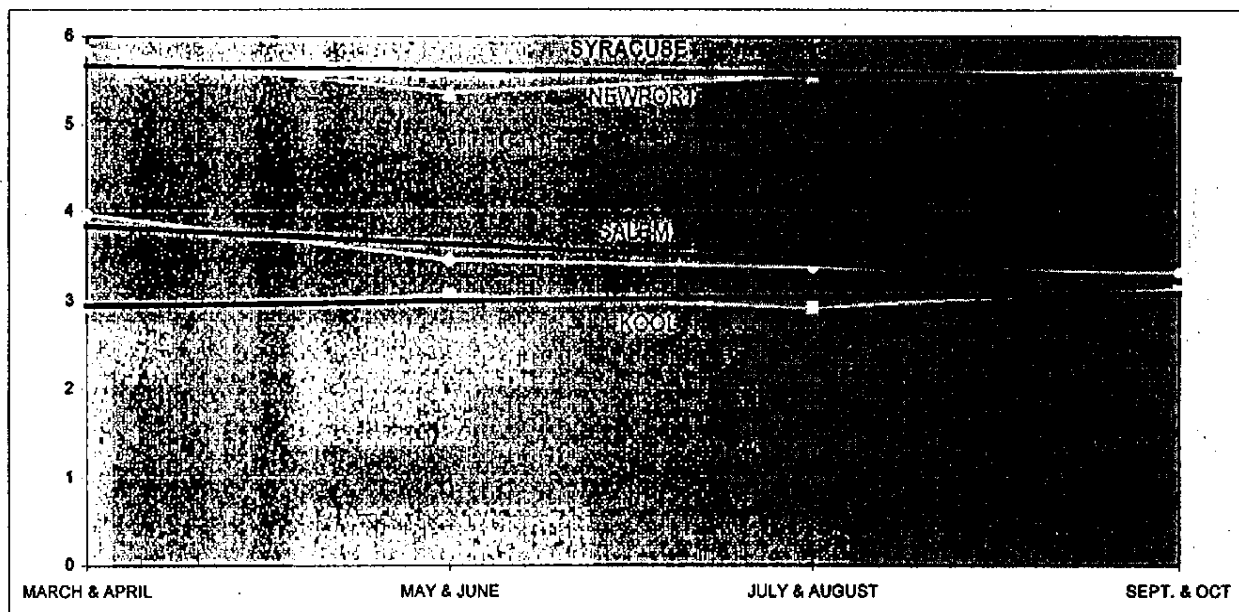
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**SALEM PERFORMANCE CIGARETTE STORES/BORDER INTERSTATE STORES
CS,BI, MEASURED**

SHARE OF MARKET

SYRACUSE

	MARCH & APRIL	MAY & JUNE	JULY & AUGUST	SEPT. & OCT
SALEM	3.96	3.45	3.37	3.32
KOOL	2.93	3.06	2.92	3.14
NEWP	5.85	5.35	5.56	5.63



Salem appears to have a stable to soft loss trend after taking an initial hit during the May/June period when new pricing strategy went into effect. After the initial share hit the new price strategy did not cause major negative share impact to the brand. The ability to go to \$4.00 matchin competition puts us back on an even playing field and should slow share loss.

Kool trend is essentially flat to slightly up. It has remained constant throughout the year with no dramatic movement.

Newport trend is moderately upward since July forward following a sizable share hit during the May/June period.

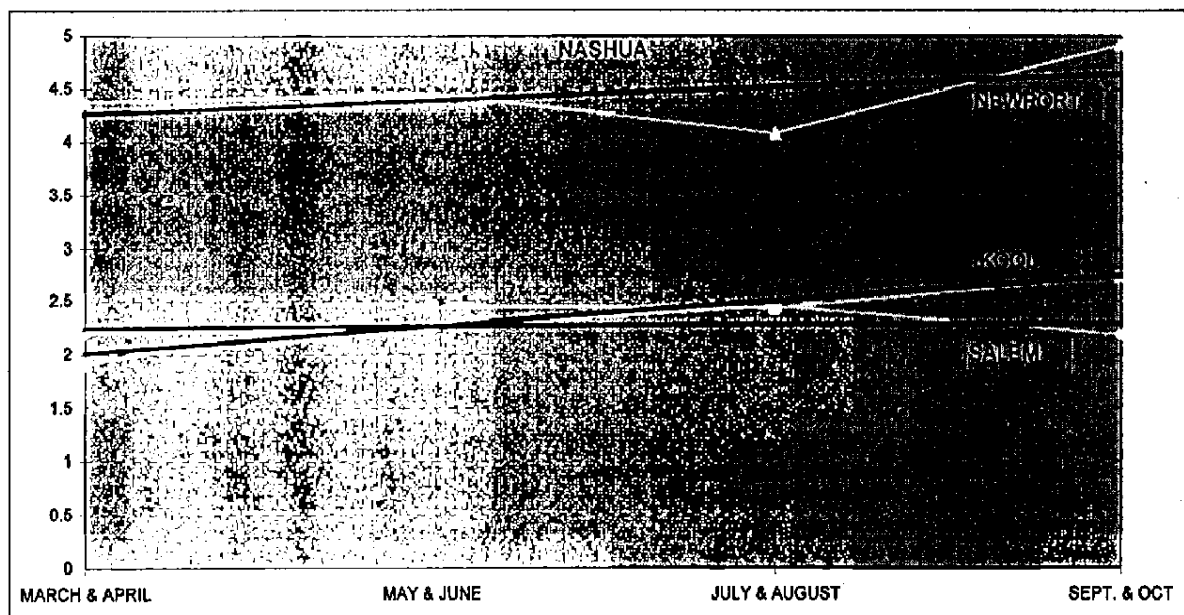
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SALEM PERFORMANCE CIGARETTE STORES/BORDER INTERSTATE STORES
CS, BI, MEASURED

SHARE OF MARKET

NASHUA

	MARCH & APRIL	MAY & JUNE	JULY & AUGUST	SEPT. & OCT
SALEM	2.2	2.24	2.45	2.18
KOOL	1.92	2.44	2.43	2.73
NEWP	4.37	4.45	4.08	4.92



Salem share has remained relatively flat throughout the year. Ability to go to \$4.00 matching competition should assist the brand in holding share versus Newport and Kool.

Kool has experienced stable positive share growth overall for the year.

Overall Newport has experienced share growth for the year. Their share however appears to have been on a rollercoaster ride, both positively and negatively, since July.

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